

CHIMERA INVESTMENT CORP
Form 10-Q
April 16, 2014

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

FOR THE QUARTERLY PERIOD ENDED: SEPTEMBER 30, 2013

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

FOR THE TRANSITION PERIOD FROM _____ TO _____

COMMISSION FILE NUMBER: 1-33796

CHIMERA INVESTMENT CORPORATION
(Exact name of Registrant as specified in its Charter)

MARYLAND
(State or other jurisdiction of incorporation or organization)

26-0630461
(IRS Employer Identification No.)

1211 AVENUE OF THE AMERICAS, SUITE 2902
NEW YORK, NEW YORK
(Address of principal executive offices)

10036
(Zip Code)

(646) 454-3759
(Registrant's telephone number, including area code)

Indicate by check mark whether the Registrant (1) has filed all documents and reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days:
Yes No

Indicate by check mark whether the Registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (Section 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

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Yes No

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, non-accelerated filer, or a smaller reporting company. See definition of “accelerated filer,” “large accelerated filer,” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer’s classes of common stock, as of the last practicable date:

Class	Outstanding at April 16, 2014
Common Stock, \$.01 par value	1,027,535,842

CHIMERA INVESTMENT CORPORATION
FORM 10-Q
TABLE OF CONTENTS

Part I. FINANCIAL INFORMATION

Item 1. Consolidated Financial Statements:

Consolidated Statements of Financial Condition as of September 30, 2013 (Unaudited) and December 31, 2012
(Derived from the audited consolidated financial statements as of December 31, 2012) 1

Consolidated Statements of Operations and Comprehensive Income (Loss) (Unaudited) for the quarters and nine months ended September 30, 2013 and 2012 2

Consolidated Statements of Changes In Stockholders' Equity (Deficit) (Unaudited) for the nine months ended September 30, 2013 and 2012 3

Consolidated Statements of Cash Flows (Unaudited) for the nine months ended September 30, 2013 and 2012 4

Notes to Consolidated Financial Statements (Unaudited) 5

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations 37

Item 3. Quantitative and Qualitative Disclosures about Market Risk 60

Item 4. Controls and Procedures 64

Part II. OTHER INFORMATION 65

Item 1. Legal Proceedings 65

Item 1A. Risk Factors 65

Item 6. Exhibits 66

SIGNATURES S-1

CHIMERA INVESTMENT CORPORATION
CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION
(dollars in thousands, except share and per share data)

	September 30, 2013 (Unaudited)	December 31, 2012 (1)
Assets:		
Cash and cash equivalents	\$ 125,491	\$ 621,153
Non-Agency RMBS, at fair value		
Senior	70	88
Senior interest-only	266,651	122,869
Subordinated	438,575	547,794
Subordinated interest-only	14,549	16,253
Agency RMBS, at fair value	2,052,476	1,806,697
Receivable for investments sold	197,554	-
Accrued interest receivable	18,661	15,248
Other assets	9,378	13,970
Subtotal	3,123,405	3,144,072
Assets of Consolidated VIEs:		
Non-Agency RMBS transferred to consolidated variable interest entities ("VIEs"), at fair value	3,058,060	3,274,204
Securitized loans held for investment, net of allowance for loan losses of \$9.5 million and \$11.6 million, respectively	828,265	1,300,131
Accrued interest receivable	18,525	24,082
Subtotal	3,904,850	4,598,417
Total assets	\$ 7,028,255	\$ 7,742,489
Liabilities:		
Repurchase agreements, Agency RMBS (\$1.7 billion and \$1.6 billion pledged as collateral, respectively)	\$ 1,589,325	\$ 1,528,025
Payable for investments purchased	4,810	-
Accrued interest payable	1,343	2,441
Dividends payable	92,440	92,431
Accounts payable and other liabilities	3,249	1,170
Investment management fees and expenses payable to affiliate	6,857	7,675
Derivatives, at fair value	37,607	53,939
Subtotal	1,735,631	1,685,681
Non-Recourse Liabilities of Consolidated VIEs		
Securitized debt, collateralized by Non-Agency RMBS (\$3.1 billion and \$3.3 billion pledged as collateral, respectively)	1,006,666	1,336,261
Securitized debt, collateralized by loans held for investment (\$800.8 million and \$1.3 billion pledged as collateral, respectively)	712,902	1,169,710
Accrued interest payable	5,757	8,358
Subtotal	1,725,325	2,514,329
Total liabilities	\$ 3,460,956	\$ 4,200,010
Commitments and Contingencies (See Note 16)		

Stockholders' Equity:

Preferred Stock: par value \$0.01 per share; 100,000,000 shares authorized, 0 shares issued and outstanding, respectively	\$-	\$-
Common stock: par value \$0.01 per share; 1,500,000,000 shares authorized, 1,027,559,189 and 1,027,597,458 shares issued and outstanding, respectively	10,271	10,268
Additional paid-in-capital	3,604,790	3,604,554
Accumulated other comprehensive income (loss)	1,001,451	989,936
Retained earnings (accumulated deficit)	(1,049,213)	(1,062,279)
Total stockholders' equity	\$3,567,299	\$3,542,479
Total liabilities and stockholders' equity	\$7,028,255	\$7,742,489

(1) Derived from the audited consolidated financial statements.

See accompanying notes to consolidated financial statements.

CHIMERA INVESTMENT CORPORATION
 CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)
 (dollars in thousands, except share and per share data)
 (unaudited)

	For the Quarter Ended		For the Nine Months Ended	
	September	September	September	September
	30, 2013	30, 2012	30, 2013	30, 2012
Net Interest Income:				
Interest income	\$38,818	\$36,576	\$101,514	\$139,926
Interest expense	(1,580)	(2,281)	(5,042)	(7,080)